

Hepcat in crisis

Friends of '60s icon
Allen Cohen hold
hep C benefit at GAMH [p.34]

Scratch the surface

Sarah Han on the woman
behind Meow Meow
and the Meow Meows [p.63]

Spooktacular!

Our fiendishly complete
guide to Halloween and
Día de los Muertos [p.93]

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GUARDIAN

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Our 37th-anniversary special

Poverty amid plenty

San Francisco is a rich city, with 11 billionaires
and endless million-dollar houses. So why are
poverty and homelessness so persistent? [p.16]

Tough times: Vance Maxwell Elliot, 73,
lives on an \$800-a-month veterans
disability pension, most of which is
eaten up by rent on a small room at the
gritty Aranda Hotel in the Tenderloin.



Looking back

The Bay Guardian's 37th year

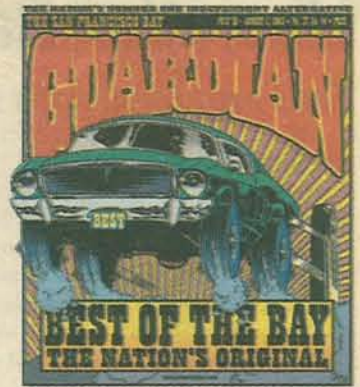


PHOTO BY RACHEL BRAHNSKY

Freedom of the press? City editor Steven T. Jones got arrested while covering the March 20 antiwar protests in downtown San Francisco.



GUARDIAN PHOTO BY LOUI SPERS

Traffic stoppers: The Bay Guardian inadvertently lent a hand in shutting down the city during the antiwar protests.



Hot stuff: From left, accounting manager Laurie Kunkler and account executives Lauren O'Connor and Anita Singha served chili to the masses at Thee Parkside's Aug. 23 "Westbound and Down: Social Meets Norcal Country-Rock Fest and Chili Cook-Off."



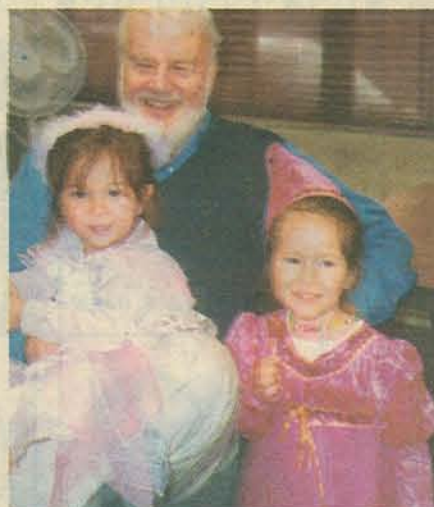
Signature style: Blackthought from the Roots signed our banner Feb. 24 during a Bay Guardian-sponsored appearance at Virgin Megastore.



Clean-air act: Reporter A.C. Thompson took a rare break from covering crime and corruption.



Foreign correspondent: Reporter Camille T. Taiara visited Baalbek, Lebanon, near the Syrian border, during a monthlong trip to the Middle East.



Story hour: Bay Guardian editor and publisher Bruce B. Brugmann talked politics with Macy and Isabella, two of the paper's youngest hell-raisers.



Home sweet home: The Bay Guardian settled into its new digs in Potrero Hill.

When people ask Brad Paul, a longtime San Francisco housing activist, to explain why there are so many homeless people in the city, he likes to tell the story of his father's friend Charlie.

Charlie was born in Fall River, Mass., in a rough, working-class neighborhood. His childhood buddies, including Paul's father, managed to escape the old hood and move to the suburbs to raise their families, but Charlie, who had a bad drinking problem, got left behind.

Charlie's exactly the sort of person Sup. Gavin Newsom wants to drive out of San Francisco, someone who would almost certainly be homeless, destitute, and panhandling for spare change in this wealthy city today.

But in 1955, in a decaying, poverty-stricken East Coast industrial town, Charlie was able to live something resembling a decent life. "He had three things going for him," Paul remembers. "My dad and his friends never forgot him, and they'd hire him to do odd jobs when he was sober. They checked up on him when he was sick and made sure he had enough to eat. So he had some income and a social service network."

"And he had a room he rented for \$4 a month."

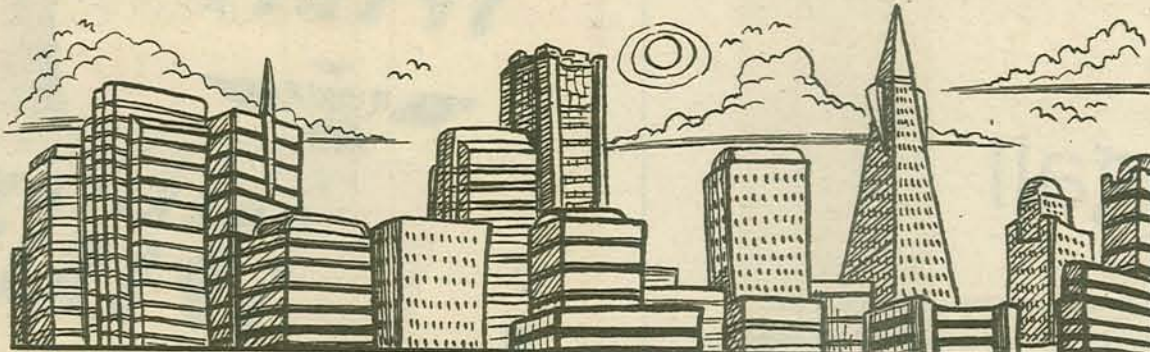
Granted, that was 1955 — but adjusting Charlie's rent for inflation, his monthly housing cost today would be about \$27. In other words, in Fall River 50 years ago, you could be poor without being homeless. And, just as important, the cost of housing alone wouldn't send you into poverty.

Fall River is 3,000 miles and a cultural light-year away from San Francisco — but the odd thing is, back in 1955, Charlie would probably have made it here, too. There weren't any \$4-a-month rooms around, but there were plenty for \$30 a month. There were more than 10,000 people — in many cases, single men — living in the South of Market area in what the residents called a community and the wealthy real estate speculators with eyes on big future profits called a slum.

Now, where people like Charlie (and many people who were poor but not alcoholics or drug users) used to live, there's a giant convention center and high-rise hotels and office buildings. The people who ran the city in the 1950s and 1960s called it progress.

The people who run the city today still call it progress when neighborhoods are damaged to make developers rich. And they don't like to talk about the costs of that progress — they'd rather just complain about the homeless and try to find ways to drive those people out of town.

Since 1966 the *Bay Guardian* has been a proud opponent of that kind of civic progress.



The war on the poor

By Tim Redmond

Dibble, two Midwesterners who had immigrated to San Francisco, started the *Bay Guardian* 37 years ago, the battles over South of Market and Western Addition redevelopment were in full swing. The larger battle, over what Bruce came to call the "Manhattanization of San Francisco," was just beginning.

The lines in the fight were clearly marked: On one side were the San Francisco Chamber of Commerce, the developers, the big hotels, and most of the downtown corporations, which were looking to turn the city into the financial headquarters for the Pacific Rim. On the other side were the people who happened to be in their way: the low-income residents of neighborhoods that would be bulldozed to make way for fancy office buildings, the working-class people who would be evicted from their homes to make way for new high-paid office workers, and the many, many residents who wanted their city to be a decent place to live, not just a place from which a few big businesses could extract wealth.

Bay Guardian headlines from the battlefront in 1970 announced, "Rats, Roaches and Repairs: Tenants Are Striking All Over" and "Yerba Buena: A Case Study in How S.F. Development Went Wrong." In 1971 the *Bay Guardian* published a book called *The Ultimate Highrise*, laying out the social and economic disaster of overbuilding. Later in the 1970s came stories like "Last Stand at the Goodman Building,"

describing the fight to save low-cost housing for artists, and numerous accounts of the battle over the International Hotel (and affordable housing for seniors in the old Manilatown). In the 1980s the paper took on redevelopment at India Basin (and more displacement of African Americans), the landlord attacks on rent control, and then-mayor Dianne Feinstein's runaway gentrification. By the 1990s, with Mayor Willie Brown trying to toss the homeless out of Golden Gate Park, we were telling City Hall to "Leave 'Em Alone!"

The Manhattanizers, Bruce liked to say, looked at the city from the top of the Transamerica Building down. The *Bay Guardian* looked at the city from the bottom up.

And from the start, the *Bay Guardian* insisted that issues like poverty and homelessness couldn't and shouldn't be addressed in isolation, as random social problems. Bruce, like former UC Berkeley journalism school dean Ben Bagdikian (see "The Secret of the Permanent Poor," page 32), never believed in the biblical maxim that "the poor ye will always have." There were specific policies that created these problems, and specific people who were responsible for those policies. It doesn't have to be this way.

That's one of the things this anniversary issue tries to point out.

San Francisco is a rich city. As we report on page 18 in this special

anniversary issue, there are 11 billionaires in town, and 15 of the 400 richest people in the world live here. The percentage of people earning more than \$100,000 a year has increased dramatically in the past 20 years.

It's also a city full of people who just can't survive on the money they have — and that situation is getting worse. In fact, the U.S. Census Bureau says the gap between the rich and the poor in San Francisco is the second worst of any county in California (after rural Modoc, which has a very different population and different problems).

And, the census figures show, a lot of people who are living in poverty today were doing OK — not great, but OK — just 20 years ago. There are reasons for that.

On the national level, a lot of powerful people in both political parties have promoted (with the help of the news media) what Bagdikian calls a terrible myth — the notion that Americans are suffering under a huge burden of taxes and that tight regulations on business hurt the economy. In fact, the wealthy in this country pay far less in taxes than their counterparts in most Western countries — and, not coincidentally, most of those countries lack the permanent underclass of the United States. In most countries we like to identify with, the government heavily subsidizes housing and health care and provides enough of a safety net that people who can't work don't wind up living

in cardboard boxes and begging for change on street corners.

Meanwhile, in San Francisco a lot of powerful people (most of them allied with the Democratic Party, which runs this town) have made sure taxes on business are too low, that there are no effective controls on rents, that there are no strong anti-eviction laws, that there's far too little money for welfare programs like General Assistance and housing subsidies, that affordable housing isn't protected from the developer's wrecking ball.

So people who used to get a minimum wage that was adequate for providing food and housing now find they can't both eat and pay the rent in San Francisco. People on fixed incomes or disability or other government assistance have seen their purchasing power decline to the point where they have to choose between food and shelter.

Those are specific policy decisions — and the people who made them are directly responsible for the eminently preventable tragedies of persistent poverty and homelessness in one of the world's richest cities.

As we point out on page 18, the cost of housing is one of the major factors driving people into poverty in San Francisco, and there are plenty of ways to preserve existing low-cost housing and build new affordable units. For \$133 million a year, San Francisco could build enough decent housing to get the entire existing homeless population off the streets in just seven years. Raising the minimum wage (vote yes on Proposition L!), increasing (not cutting) welfare grants, and linking all public assistance to the cost of housing would make a huge dent in the local poverty rate.

In the short term, there's plenty of space for decent shelter in this town, from empty Housing Authority units that ought to be cleaned up and rented immediately to vacant commercial and industrial buildings that could be temporarily converted to residences. There are hundreds of empty housing units in the Presidio. There's empty space where temporary homeless camps could be constructed (homeless people have done it themselves when the police have left them alone).

And all of that could be funded quite easily with a modest increase in taxes on the biggest and most profitable corporations in town.

In the 1960s, Lyndon Johnson talked about a "war on poverty." In 2003, Gavin Newsom is declaring war on the poor. That kind of attitude is exactly the reason San Francisco continues to have desperately poor people in the middle of fabulous wealth. ♦



When Bruce B. Bruggmann and Jean

E-mail Tim Redmond at tredmond@sfbg.com.

GUARDIAN PHOTO BY SAUL BROMBERGER AND SANDRA HOOVER PHOTOGRAPHY



Vance Maxwell Elliot

"When I'm shooting up, I follow their guidelines." *By Corbett Miller*

For thousands of people in San Francisco, single-room-occupancy hotels are the last stop before homelessness. For some, like Vance Maxwell Elliot and Bernhard Calloway, the SRO life is suitable. But for most, like John and Linda, things couldn't get much worse.

Elliot is a 73-year-old Korean War veteran, living on his \$800 a month Veterans Assistance check for his psychological disability since the war. He said he was a classmate of Daniel Ellsberg's at Harvard University before receiving his master's degree in sociology from UC Berkeley. Since then he's been in and out of mental institutions. A year ago, Elliot said, he decided to pick up a heroin habit.

I wondered why someone would get into smack at age 72, at least until I visited him in his room at the Aranda Hotel on Turk Street (arguably the worst SRO among the series I stayed in for this story). But after spending time with Elliot and others in the Aranda, I realized his new habit might not be such a bad idea.

Drug dealers, prostitutes, and petty thieves frequent its halls. But the Aranda does have its advantages: the elderly and disabled are given rooms on the lower floors, making it easier for them to come and go as needed, while younger tenants are located upstairs. The top floor (the sixth) is the roughest — I was on the fifth floor, lucky me.

I first met Elliot — a dapper gent with blue-painted fingernails in Linda's room across the hall from mine. Elliot, Linda, and I spent hours discussing Voltaire; his screenplay company, Homeless Heroes; his current screenplay, "Sixth St. Woman"; prostitutes; and, of course, heroin and his own middle-class fear of the drug that used to keep him away from it.

"I've been reading the Harm Reduction Coalition's book," Elliot said rather academically. "When I'm shooting up, I follow their guidelines."

But Linda, a middle-aged woman from England, said she doesn't share Elliot's feelings about SROs. "I'm just waiting for a couple of things to come through, and I'm out of here," she told me before Elliot showed up. "I don't like it here; I've only been in America for three months, the whole time in this hotel, and it's just too sad." She wouldn't tell me what circumstances led her to the Tenderloin for her stay in the United States.

Things were slightly different at the Hillsdale Hotel on Sixth Street. The Hillsdale's owners keep the place on lockdown, and nobody gets past the front gate without proper ID. However, once you spend some time inside, things quickly resemble the notorious dirt and drugs of Sixth and Market.

My next-door neighbor at the Hillsdale was John, who said he's a

former employee of Cisco Systems who survived three rounds of layoffs before finally losing his job. He's been a tenant at the Hillsdale for the past two years, while surviving on \$400 a month in General Assistance. The rent for his room is \$600 a month, and he now owes the hotel owners \$3,700.

John's broke, and his room stinks because of it. "I haven't been able to do my laundry in a year," John told me while sitting on the small patch of bed not covered with the pile of hoarded objects that reaches the ceiling. That same night John and his girlfriend stay up until 7:30 a.m. doing speed while debating Christianity versus witchcraft.

Once somebody like John or Linda is stuck living in an SRO, it's not easy to get out and find a room in a neighborhood like Noe Valley or Bernal Heights. Even though the prices might be comparable and the conditions unbelievably better, landlord requirements like deposits, first and last months' rent, credit checks, and references make it nearly impossible for these people to get out of the Tenderloin.

The lack of options in places like the beer- and piss-drenched Aranda and Hillsdale Hotels makes Elliot's decision to self-medicate hardly shocking — or maybe only shocking that he didn't do it earlier. ♦

E-mail Corbett Miller at corbett@sfbg.com

snapshot of poverty

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	Reg.	Closeout!
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'03 Specialized Hotrock 20" BMX	\$160	\$139 ⁹⁵
'03 Diamondback Grind Freestyle	\$200	\$169 ⁹⁵
'03 Specialized Hotrock 20" Mtn.	\$220	\$199 ⁹⁵
'03 Raleigh MTN Scout 24" Mtn.	\$220	\$199 ⁹⁵
'03 Haro Mira 540 Air Freestyle	\$320	\$269 ⁹⁵
'02 Haro Backtrail 24 Jump Cruiser	\$390	\$289 ⁹⁵

CITY BIKES

'03 Specialized Crossroads	\$270	\$229 ⁹⁵
'03 Raleigh C40 & SC40	\$300	\$269 ⁹⁵
'03 Specialized Expedition DLX	\$430	\$349 ⁹⁵
'03 Specialized Expedition LTD	\$530	\$429 ⁹⁵
'03 Trek 7500FX	\$650	\$549 ⁹⁵
'03 Trek 7700FX	\$930	\$749 ⁹⁵

MOUNTAIN BIKES

'03 Specialized Hardrock Cro-Mo	\$270	\$229 ⁹⁵
'03 Raleigh M50	\$300	\$269 ⁹⁵
'03 Specialized Hardrock Comp	\$400	\$299 ⁹⁵
'03 Raleigh M60 & Tess Women's	\$400	\$349 ⁹⁵
'03 Specialized Rockhopper	\$500	\$379 ⁹⁵
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Poverty amid plenty

Why are there so many poor people in such a rich city? Start with the cost of housing. *By Rachel Brahinsky and Tim Redmond*

San Francisco saved Jasin's life. In 1973, at 18, she fled a conservative Michigan town and settled in the Haight-Ashbury, finding almost immediately a community of open-minded, caring people. "If I hadn't been able to come to this city, I don't think I would have survived," she told us. She had an anchor tattooed on her leg, "to make sure I'd never leave."

Over the next decade, she became an integral part of the neighborhood, helping run the Haight Ashbury Switchboard, a community information and referral service. Always, she tried to give something back to her city: by the early 1980s, her flat on Fell Street, where she lived with her young son, had been a temporary shelter for literally thousands of people who were new to town, down on their luck, or just in need of a place to stay. Her friends started to call it the "Fell Inn."

Jasin (who doesn't use a last name) has always had physical-disability and mental-health issues and has never been able to hold a full-time job. But she's smart and competent, and with the help of supplemental security income (SSI) and welfare benefits, she lived a decent, if fairly modest life. "I went to the movies, bought toys for my kid, gave him an allowance," she said. "I never ate a free meal."

"If you told me back then that I would wind up at 48 with no place to live, I'd have laughed until I wet my pants."

But Jasin has spent much of the last five years living on the streets, and today she's scrambling to make the monthly rent at a vermin-infested hotel on 16th Street. Her story demonstrates how wrong Sup. Gavin Newsom and other homeless-bashers are when they demon-

nize all people on the streets as substance abusers and welfare cheats needing "care, not cash." In fact, she's an example of another, perhaps more common phenomenon: she's a longtime San Franciscan who is a victim of city policies that promote economic inequality.

Put simply, Jasin has been homeless because she can't afford the rent. She's done nothing wrong. She's not a criminal, a drug addict, or a drunk. What's happened to her — and many, many people like her — is that the cost of housing in San Francisco has grown so much faster than the minimum wage and government welfare programs that she's been priced out of a home in a city she loves and refuses to leave.

In 1983, Jasin was collecting \$550 a month in SSI and Aid to Families with Dependent Children (AFDC) and another \$100 in food stamps. Her share of the rent — for her room and her son's room in the flat at Fell and Baker Streets — was \$200 a month.

She was married for a few years, then divorced. Her next relationship collapsed, she says, after an incident of domestic violence that drove her to seek refuge in a battered-women's shelter. In 1996 she found herself on her own again — and facing a stark and brutal reality: the \$560 a month she was then receiving in SSI wouldn't come close to covering the rent anywhere in the city. She started living in Golden Gate Park, then in a homeless encampment in South of Market, and after that was raided and broken up by the cops, she slept wherever she could find a place on the sidewalk.

For a short time, she and a man she met in the park (and later married), shared a \$700-a-month house in Berkeley

with some friends, but the church that owned the house (and kept the rent low) sold it to a private landlord, who jacked up the rent to \$2,450 a month, forcing her back into homelessness.

She could never tolerate the city's shelters: "They segregate men and women," she explained. "My husband and I didn't want to split up."

Now, between her SSI and her husband's General Assistance (G.A.) grant, they can barely cover the \$720-a-month rent on their sleazy hotel room. "It's overrun with mice," she said over a bottle of Pepsi in a café near 16th and Mission Streets. "It's awful, but we can't possibly move."

"We're just not making it. I love San Francisco, but it's just become so inhospitable."

Housing pathology

Jasin's not alone. If you want to understand why there are so many homeless people in San Francisco, and so many working people in poverty, you need to look at a key statistic that rarely gets discussed in policy debates. It's what long-time housing activist Calvin Welch calls a "sociopathological imbalance": the gap between the income people get from minimum-wage jobs and government programs and the cost of housing in this city.

Before the first wave of gentrification began in the 1970s, housing in San Francisco was among the cheapest in the region. As Brad Paul, former deputy mayor for housing, recalls, "25 years ago you could get a residential hotel room for \$100 a month. People on G.A. or minimum-wage jobs could afford to have a place to live."

Back in 1973 an average two-bedroom apartment in the Haight-Ashbury cost around \$153 a month, according to a review of listings in the *San Francisco Chronicle*. That year the California minimum wage was \$1.65 an hour, or \$285 a month for full-time workers. So it was possible, with a little conscious budgeting, and possibly some assistance through the food stamp program, for a low-wage worker (and certainly a family with two working people) to afford market-rate rents.

People living on welfare or disability payments, like Jasin, could also get by. The maximum welfare payment through AFDC at the time was \$243 a month. SSI and disability payments averaged \$161 and \$193, respectively. Mix any one of those payments with food stamps and it was quite possible to survive, housed, in the city.

Even for the city's most down-and-



Gentrification's victim: Twenty years ago Jasin lived a decent life in the Haight. Now she's on the edge of homelessness — thanks entirely to the unchecked rise in the cost of housing.

out, living on G.A. payments, it was possible to pay rent. Back then G.A. paid out about \$84, while SRO rooms went for around \$80. By doubling up in a room, and using food stamps, they could stay off the streets.

Over the years, thanks to gentrification, federal cutbacks for affordable housing, and the failure of the city to control rents, housing costs went up — but welfare payments and the minimum wage, particularly since the 1980s, didn't even come close to keeping pace.

In 2003 dollars, that \$243 welfare payment from 1973 would be worth \$1,013 today, and the minimum wage would be worth around \$7 an hour (or \$1,120 a month). Instead, the maximum payment through CalWORKs, the successor to AFDC (which targets mothers with children), these days is \$679. SSI typically pays \$552; disability payments average \$849. A full-time minimum-wage worker can pull in only \$1,169 each month — before taxes.

It wouldn't be enough even if those payments had kept pace with inflation — because housing costs in San Francisco rose far faster than the overall cost of living. But with public assistance and the minimum wage lagging behind even national inflation, it's been a disaster.

There's no way a minimum-wage worker can afford that same Haight-Ashbury apartment, which now goes for about \$1,800 a month, according to Metro Rent. Minimum wage barely covers rent in some of the city's cheapest domiciles — few studio apartments go for less than \$600 to \$700 a month in 2003, and even those are very rare.

Welfare clients on G.A. or one of the other city programs get between \$332 and \$410 a month. That's hardly enough to rent an SRO room, which costs \$500 to \$700 a month.

Further exacerbating the problem is the cost of health care. Until the early 1980s, indigent adults in California were covered by Medi-Cal, the state health care program for the poor. In 1987 the state transferred responsibility for indigent health care to counties — and never gave them the money to pay for it.

That means low-income people who have health problems either have to spend vast amounts of time waiting for treatment at a badly overburdened public hospital, like San Francisco General, or crowded community-based clinics, pay out of their pockets (diminishing even more their available cash for housing and food), or get no health care at all. Jasin and her husband, for example, are trying to pay \$5 or \$10 a month (which they can't afford) to settle an old hospital bill. "We'll be paying it the rest of our lives," she said. "But he insists on paying his bills."

Lots of billionaires

The persistence of poverty in San Francisco is particularly frustrating: this is, after all, a rich city — and the rich keep getting richer.

That, of course, is happening all over the country. "Over the last 25 to 30 years, upper incomes have grown, and the bottom 25 percent has gone down," San Francisco State University economics professor Michael Potepan told us.

But in this city, the level of inequality (the gap between the rich and the poor) is particularly bad. In fact, the U.S. Census Bureau ranks San Francisco as the county with the second-highest level of inequality — measured by the gap between the highest- and lowest-income people — in California, behind only rural Modoc County. While the city is home to 15 of the world's 400 richest people, including 11 billionaires,



The poverty beat: For 37 years we've been fighting gentrification and attacks on the homeless, whether it was the Yerba Buena redevelopment project in the 1970s, left, or Mayor Willie Brown's move to oust the homeless from Golden Gate Park in the 1990s (see "The War on the Poor," page 16).

according to Forbes.com, the 2000 census showed that 14.2 percent of S.F. residents were living in poverty. And that's according to federal guidelines, which by any standard are grossly inadequate for this city. (The feds say a family of four is only considered impoverished with an income of \$18,400 or less. The California Budget Project estimates that the actual poverty level in San Francisco is \$26,122 a year for a family of three.)

Over the past 20 years, while homelessness and poverty have become more and more of a problem, the number of very wealthy people in San Francisco has risen dramatically. In 1980 just 5.8 percent of the city's households had incomes in the top census bracket (which back then was more than \$50,000 a year). By 1990, the number reporting more than \$100,000 a year was 7.4 percent. In 2000, 11.4 percent of households reported earnings of more than \$100,000 — and almost half of those earned more than \$150,000.

Meanwhile, the number of people at the bottom of the income scale — earning less than \$15,000 (in 2003 dollars) — has stayed almost the same since 1990, at about 14 percent. But since the cost of housing has risen so profoundly since then — typical rents have more than doubled — the lower end of the spectrum has lost much of its buying power in the San Francisco market and has essentially been getting much, much poorer.

To make the situation even worse, income inequality has a direct effect on the rising cost of housing, according to "Homelessness in California," a study done for the Public Policy Institute of

California in 2001. "Increasing inequality in the distribution of income affects the level of homelessness by raising the price of extremely low-quality housing," the report said. Essentially, the report argues, as inequality grows, previously middle- or low-income people begin hunting down lower-grade housing. The increased competition leads to higher prices for that housing, which leaves people in the lowest income bracket on the streets.

The wrecking ball

It wasn't the invisible hand of Adam Smith that wiped out affordable housing in San Francisco. Several generations of city officials either have actively pursued policies that made it impossible for poor people to live in this city or have stood by and allowed it to happen.

The first and most direct assault came in the 1950s and 1960s, when Redevelopment Agency bulldozers tore down thousands of units of low-cost housing, particularly residential hotels, in the name of "blight removal" and "progress." The giant Moscone Center convention complex and much of the adjacent Yerba Buena Center is built on the graves of cheap residential hotels where at one point as many as 10,000 people — retired people, low-wage workers, single immigrants, and yes, a few alcoholics — lived in tolerable, if hardly elegant, conditions. According to Chester Hartman's landmark 2002 book, *City for Sale: The Transformation of San Francisco*, the Yerba Buena redevelopment project alone destroyed some 4,000 low-cost housing units. (After a long period of litigation, the

Redevelopment Agency agreed to replace fewer than half of those units.)

Over the next three decades, the conversion of single-room-occupancy hotel rooms to tourist hotels rooms lead to more evictions and more loss of affordable housing. While the city once had more than 32,000 SRO rooms, today there are only 19,645.

Almost 80 percent of the people who lost their homes to make way for South of Market redevelopment were paying less than \$40 a month rent — which is the equivalent of \$242 a month in today's dollars. Those were, in other words, housing units that people living on small pensions, Social Security, SSI, or even G.A. could afford. Without that truly low-cost housing, people in those situations today are, more than likely, homeless.

Over in the Western Addition, the redevelopment project along Fillmore Street (where a Safeway and the ugly, under-occupied Fillmore Center apartment towers are now situated) displaced 13,500 people, most African American. Only a fraction of that housing was ever replaced.

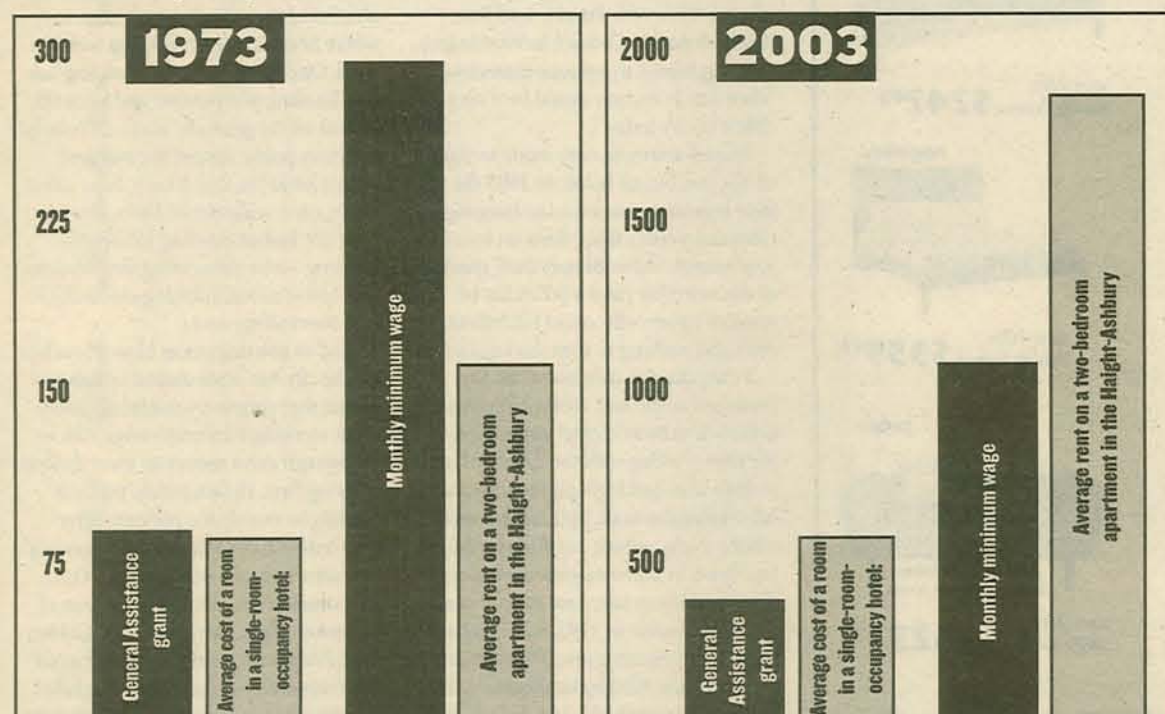
More high-rises, more homeless

In the 1970s and 1980s, the city went on a high-rise office construction binge, with developers from all over the world tearing down small, older buildings and throwing up huge steel-and-glass towers. The immediate impact: tens of thousands of new office workers, many of them earning relatively high wages, were attracted to town — and they

Continued on page 20

The housing-income divide

Back in 1973 a General Assistance welfare recipient could afford a room in a single-room-occupancy residential hotel, and a minimum-wage worker could afford slightly better housing in many San Francisco neighborhoods. As the years went by, the cost of housing shot up, but the amount minimum-wage workers and G.A. recipients had to live on did not keep pace.



This chart shows the typical monthly G.A. grant, typical SRO cost per month, monthly income for a full-time minimum-wage worker, and average rent for a two-bedroom apartment in the Haight-Ashbury, as calculated from *San Francisco Chronicle* classified ads and Metro Rent.

The data demonstrate a simple reason why so many people are homeless and living in poverty: the city, state, and the feds haven't done enough to protect affordable housing or to make sure low-income people have enough money to keep up with housing costs.

OTHER SOURCES: SAN FRANCISCO DEPARTMENT OF HUMAN SERVICES, SAM PATEL, CALIFORNIA OFFICE OF INDUSTRIAL RELATIONS



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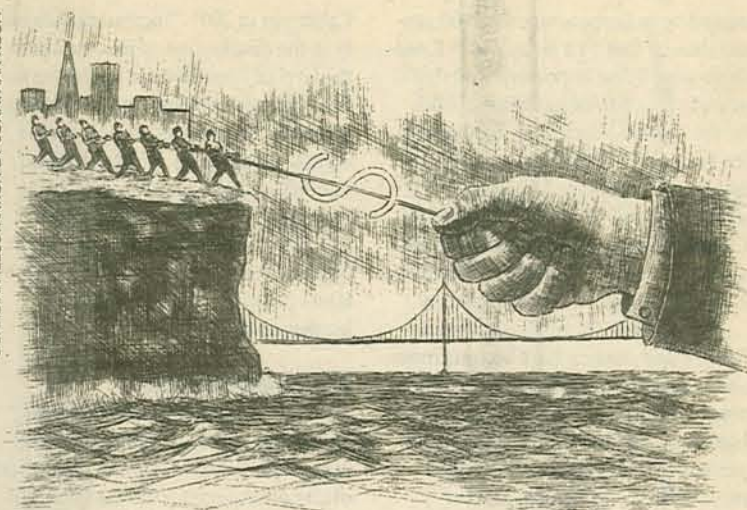
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GUARDIAN ILLUSTRATION BY JONATHAN KOCH



Housing

From page 19

began to displace lower-income residents. The gentrification put a phenomenal upward pressure on rents.

In 1978, tenant activists placed a measure on the ballot that would have tightly controlled rent hikes. Proposition R, as it was called, would have barred landlords from raising rents more than a set percentage each year, and it would have applied to all units, occupied or vacant. The San Francisco Board of Supervisors, under pressure from heavy landlord lobbying and in what was a clear attempt to undermine the measure, passed a far more mild version of rent control: it protected tenants as long as they stayed in the same apartment but allowed landlords to raise rents without any limitations at all as soon as a unit became vacant. Prop. R lost at the polls.

The so-called city vacancy decontrol law slowed down the gentrification a bit — but gave landlords a new incentive to evict long-term tenants. And since most apartments turn over every few years, it did little to stop rents from increasing.

"If we had passed Prop. R," Hartman, who now runs the Poverty and Race Research Action Council in Washington, D.C., explained in a phone interview, "then San Francisco would be a very different city today."

Several attempts were made to tighten the law, but all failed. In 1995 the state legislature passed a law banning cities from controlling rents on vacant apartments. Willie Brown, then speaker of the assembly (and a politician of massive power who could kill bills at will), did nothing to stop the legislation.

When the dot-com boom hit San Francisco in the mid 1990s, billions of dollars of venture capital poured into the city — along with thousands of new arrivals who had high-paying jobs and often extensive stock options and were willing to pay almost anything for housing. Rents in many neighborhoods more than doubled in just three or four years. Evictions soared: in 1992, San Francisco Rent Board figures show, 974 eviction petitions were filed by landlords. In 1998 that number reached 2,836. Fully half of those evictions involved owner move-ins — in many cases, wealthier people buying houses that had tenants living in them, and then tossing the tenants out.

Activists tried repeatedly to get the city to crack down on so-called OMI evictions (at the very least, to make the well-off homebuyers pay substantial relocation fees), but the administration of by-then-mayor Brown did nothing.

In the meantime, of course, the federal government had effectively halted spending on affordable housing in cities. In 1979, before Ronald Reagan became president, the federal government spent \$8 billion on urban housing programs (that's the equivalent of \$20 billion today) and subsidized 200,000 housing units a year (see "The Secret of the Permanent Poor," page 32). By 1983 virtually all that money was gone. And since most federal subsidies only ensured that units would be affordable for 20 years, the existing low-cost housing has been inexorably returning to market rate.

"The feds walked away from affordable housing," former deputy mayor Paul said. "The state does a little, but it's all in the form of housing bonds, and when the bond money is gone, there's nothing else."

San Francisco has done more than most cities to subsidize and build affordable housing — but it hasn't been anywhere near enough to keep up with the need. One obvious reason: building low-cost housing is expensive, and since the private sector generally won't do it, large amounts of public money are required.

But what the city hasn't done effectively, on a widespread basis, is prevent the loss of existing affordable housing — by preventing demolitions and conversions, limiting evictions, and controlling rents.

And as housing prices have skyrocketed, the city has done almost nothing to ensure that people on public assistance — or working minimum-wage jobs — get enough extra money to meet the cost of living here. In fact, public policy is heading in exactly the opposite direction: led by Newsom, the city is moving to reduce its main welfare grant, G.A., for homeless individuals. And many of Newsom's allies, particularly the Golden Gate Restaurant Association, are opposing Proposition L, the November ballot initiative that would raise the minimum wage.

While all of this was happening, the San Francisco job market dramatically changed. S.F. State economics professor

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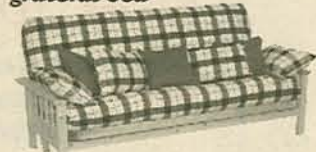
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Potepan points to the "transformation from manufacturing to more services, which removes jobs for people with high school or less education."

State law required counties until 1991 to give G.A. recipients automatic cost-of-living increases every year. But after a public-interest lawsuit in Alameda County pushed the issue, the legislature repealed that provision.

Housing activist Welch points to another fact, one that had a profound impact on local politics. In 1968 the International Longshore and Warehouse Union agreed to accept a shift to container freight as the main element of commercial shipping. That agreement sent the shipping industry across the bay to Oakland, and with it went the militant power of the ILWU, which typically fought for living-wage jobs for all workers. The most powerful force for labor in the city for many years thereafter became the building trades unions, whose goals were typically more narrow: they aggressively supported the building boom, even if it forced low-income workers out of their homes.

Can we fix it?

Although the *New York Times* once famously editorialized that "money is not the entire solution to poverty," the simplest reason that there are so many homeless people and so many people forced by housing costs into poverty is that wages and public assistance are far too low. Raising the minimum wage, as Prop. L on the ballot this fall would do, is a step forward.

Raising — significantly — the G.A. grant would also make a major dent in the problem. If people who are now homeless had, say, \$1,000 a month in cash, instead of the \$332 to \$410 they currently get, it might make it possible for a lot of them to move off the streets.

In fact, Hartman suggested G.A. should be automatically adjusted for inflation — particularly for the rise in

the cost of housing. "Social Security and other middle-class entitlements are all indexed," he said.

Newsom loves to argue that increasing the cash grant would make this city a magnet for homeless people all over the country. But experts in the housing field say that's nonsense.

"I don't think there's any evidence that more homeless people would come to a specific city for cash," Hartman told us. "That implies a level of information, a fluidity, and an ability to travel that I don't think is there. Most people, including homeless people, have ties to their community."

Hartman also suggested San Francisco should study the full cost of homelessness — including burdens on the public health system, the police, the jails, social services, etc. — and compare that to the cost of preventing it. More than likely, the city wastes more money allowing the current situation to continue than it would take to build the necessary affordable housing and increase welfare payments to the level at which thousands fewer people would have to live on the streets.

And, he notes, the least expensive and most effective way of preventing homelessness is slowing down evictions. "If people don't lose their homes, they don't wind up on the streets," he said.

Welch cites a 1999 city report that states that with \$133 million a year over seven years, the city could build enough permanently affordable housing for the entire existing homeless population.

Jasin puts it pretty simply: "We just need a little more help paying for housing," she said. "If the city doesn't want homeless people on the streets, that's what they have to do." ❖

Research assistance by Anthony Ha, Tara Thirtyacre, and Nikki Woodard.

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The 'Bay Guardian' 2003 poverty index

A snapshot of economic conditions in the city

Number of eviction notices in fiscal year 2002-03:	1,486
Number of people with no known address who have died this year:	169
Number of billionaires living in San Francisco:	11
Rank of San Francisco among all California counties in terms of the level of economic inequality:	2
Hours of work per week required at a minimum-wage job to afford an average apartment in San Francisco:	159
Percentage of S.F. residents living below the federal poverty line:	11.3
Number of people on the waiting list for S.F. public housing:	25,000
Percentage by which the public housing waiting list increased in about one year:	39
Number of people on the waiting list for slips at the St. Francis Yacht Club:	500
Percentage of single moms with children under five years old living in poverty:	32.4
Minimum amount the city would have to spend annually to house the homeless by 2010:	\$133 million
Percentage of President George W. Bush's \$87 billion Iraq war request that this represents:	0.1
Amount a full-time minimum wage-worker earns annually:	\$14,404
Maximum household income of families targeted by mayoral candidate Gavin Newsom's Workforce Housing Initiative:	\$68,226

R.B. and T.R.

SOURCES: SAN FRANCISCO RENT BOARD, SAN FRANCISCO MEDICAL EXAMINER, FORBES.COM, 2000 U.S. CENSUS, SAN FRANCISCO HOUSING AUTHORITY, ST. FRANCIS YACHT CLUB, DRAFT SAN FRANCISCO HOUSING ELEMENT

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Look Deeper. ■■■■■■



Advocate for the poor: Bankruptcy attorney Lawrence Szabo says the courts have gotten tougher on those declaring bankruptcy.

Going bankrupt

"It's actually less stressful than having creditors calling me all the time."

By A.C. Thompson

Being summoned to Room 1010 is not a good thing. You wind up in this place — a small, fluorescent-lit room in an office tower at 250 Montgomery St. in the Financial District — when you've filed for bankruptcy protection with the U.S. Bankruptcy Court's northern California division.

Room 1010 feels like a cross between the welfare office and traffic court. Signs, in English and Spanish, reading "FBI INVESTIGATES BANKRUPTCY CRIMES" and "WEAPONS PROHIBITED" are tacked to the walls. Flanked by flags, a round, 3-D plaque embossed with the Justice Department's logo — an eagle standing atop a red-white-and-blue shield — is perched at the front of the room. Solemn people sit silently in rows of chairs with gray vinyl cushions.

On a recent afternoon, a man named David Burchard faced a crowd of about a dozen people. He's a large man with a firm but congenial manner. He wore a dark, well-tailored suit. Bankruptcies are overseen by a branch of the Justice Department called the U.S. Trustees' Office, and Burchard is the "standing trustee" for Chapter 13 bankruptcies filed in San Francisco. That means the federal government has given Burchard, a private citizen with a background in finance, the authority to probe possible abuses of the nation's bankruptcy code.

He was there that day to gently

interrogate debtors who may have been bending the rules. "The purpose of this interview is to allow me to make a decision about your case, about whether I should or shouldn't refer it to a judge," he informed them.

Consumers have the choice of filing for Chapter 7, which usually takes four to six months, or Chapter 13, a more involved process that can last as long as five years. Crumbling corporations go Chapter 11. People seeking Chapter 13 protection fill out forms explaining how they got into debt, what kind of assets they possess, and how they plan to crawl out of the red.

Burchard pores over this paperwork looking for unnecessary expenses — such as a \$3,600 annual cell phone bill or \$600 a month spent on "entertainment" — that might keep a debtor from getting solvent. He also pokes around for hidden assets that could be hawked at auction. For Burchard, there's a profit motive at work: he pockets a percentage of any assets he uncovers and sells.

Chapter 13 debtors agree to partially repay their creditors by sending money monthly ("money orders or cashier's checks only") directly to Burchard, who then passes it on to the parties owed. After they hand over a chunk of the cash, the rest of the debt is cleared.

There are legions of broke folks in the Bay Area these days: 3,741 filed in the San Francisco court in the year leading up to this August. According to court statistics, as of this

September, bankruptcy claims are up 9.9 percent across northern California. Not surprisingly, San Jose, the onetime center of the tech universe, got it the worst, with a 15.6 percent surge. In San Francisco the numbers are up more than 6 percent.

The grim-faced people assembled in Room 1010 looked like San Francisco. There were a couple of African Americans, a few whites, some Latinos, and four Asian Americans. Most were middle-aged. They came from an array of occupations: an adult-school administrator, a low-level United Airlines staffer, an employee of an Olive Garden franchise, an under-employed software engineer.

Burchard questioned Software Guy, a bespectacled, drainpipe-thin 43-year-old man with a quiet voice, about his cash flow. The computer guru told Burchard he was "trying to build a software consulting business" after leaving an established software firm. So far, the man admitted, biz wasn't exactly booming: over the past three years, he'd made less than \$10,000 and amassed a K2-size pile of credit card bills.

"We have to look at the feasibility of the [bankruptcy] plan," Burchard said, worried Software Guy wouldn't be able to pay down his debt. "Can you tell me how you're going to make the payments?" Burchard hinted the consultant might have to abandon his life among the self-employed and find a new job.

37th Anniversary Special Issue

snapshot of poverty

The whole Q&A was over in five minutes with no indication of whether Software Guy would receive further scrutiny.

In an interview, Software Guy, who is "more than \$100,000" in the hole, fleshed out the circumstances that brought him to Room 1010. "Well, I quit my job a couple of years ago thinking I'd have no trouble getting a new job," he said.

It didn't work out so well. Since the tech sector implosion of 2001, Software Guy has found it impossible to score a steady gig, despite a post-graduate education in computer science and 12 years in the field. His shifty financial situation was exacerbated by personal investments in the securities market — he held large amounts of Cisco and Lucent stock when the tech companies tanked — and the fact that he owned 12 credit cards.

A 38-year-old San Francisco woman also filing for Chapter 13 had a similar story. A freelance production hand on TV commercials, she'd made as much as \$72,000 a year, but when the economy belly flopped, she watched her income plummet to \$25,000. Equipped with a fistful of plastic, the woman ran up \$70,000 in credit card debt.

For her, going bankrupt was a relief. "It's actually less stressful than having creditors calling me all the time and harassing me," she said.

That relief may be short-lived. Republican lawmakers have been angling to rewrite federal bankruptcy laws for several years now, unsuccessfully pushing several pieces of legislation that would make it harder to seek bankruptcy protection. Lawyer Patrick McNamara, a San Francisco bankruptcy specialist, says standing trustees like Burchard are already adopting a tougher stance toward debtors. "They have taken a much more aggressive tone during the past six months," McNamara said, pointing to one recent case in which a standing trustee got riled about the size of a family's grocery bills.

Lawrence Szabo, a bankruptcy lawyer who practices in San Francisco and Oakland, is seeing the same thing. "I think it's come down from above that the U.S. Trustees should monitor these case more closely," he told me.

Szabo is also tracking another trend: "I'm seeing more and more people whose primary debt is medical bills. These are largely people who are uninsured when they're hit with a catastrophic illness or injury."

Don't despair, though. Even in this arid economic climate, with millions of people hunting for a decent job with decent benefits, there are still some growth industries out there.

Indeed, one good job — maximum pay \$154,000 — is posted on a bulletin board just outside Room 1010: the U.S. Trustees' Office is hiring. ♦

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Just getting by

If it's tough for a white middle-class professional to make it in San Francisco, imagine what it's like for people a few rungs down the ladder. *By Steven T. Jones*

I live on the border between two worlds. Geographically, my tiny studio apartment is in the Tenderloin, that quasi-neighborhood that separates tony Nob Hill from the gritty Tenderloin. Financially, I have a good job, but I'm living from paycheck to paycheck, with no margin for error.

Lots of San Franciscans are on that same cusp. Census figures show it and so do conversations on the street. Too often, those of us making less than \$46,260 a year — the median income for a male, full-time, year-round worker in San Francisco — are just barely getting by in this expensive city. More than 150,000 households in the city — nearly half of the total — had to survive on less than \$50,000 a year in 1999, the 2000 census figures show, and I suspect the situation is even worse now.

It's hard for me — and I'm a college-educated white man with a middle-class upbringing and steady employment. Rent (I live alone) and child support eat up more than half of my after-tax income. The rest seems to disappear quickly; at the end of the month, there's nothing left.

So it's hard to imagine what life is like for people even just a little worse off than me. If I live frugally and still go a little deeper into debt each month, how do they make it? What if I didn't have a credit card to absorb my spending miscalculations? I grumble about the occasional \$35 street-cleaning ticket, but what if that were a full day's pay in a minimum-wage job?

There's a lot I don't know about the people making less than me, even though I ride past them on my bicycle commute everyday. Few in this polarized city, where beating up on homeless panhandlers scores political points with the people on the hills, know much about the poor people they see, beyond the stereotypes.

So I decided to learn more.

On my ride to work, I see the outward signs of poverty everyday, as well as the institutions that have formed to alleviate or exploit that poverty. The ever present homeless occupy every block. Rarely do they make a scene in my neighborhood, and they're usually gone by the time I leave for work.

Dropping down off lower Nob Hill into the Tenderloin, I see the prostitutes and street hustlers. I pass social service providers like Project Open Hand and the Food Not Bombs volunteers handing out food to the poor in United Nations Plaza, from the loud alcoholics to the meek down-and-outs. City Hall shimmers in the distance.

Across the street from the plaza, over at Seventh Street and Market, there's the poor person's money changers — Western Union Payday Loans and Money Mart Checks Cashed — charging rates that would have gotten them damned for usury back in biblical times. Continuing my ride down Eighth Street toward the Bay Guardian's Potrero Hill office, I see various South of Market denizens going about their business. Crossing under the freeway overpass, I see the homeless encampments, or some days, I see the cops ripping them apart and arresting their inhabitants.

And on my way home up Seventh Street, I pass that ultimate monument to poverty — the Hall of Justice — where the cops bring the Larkin Street prostitutes, the Market Street hustlers, the U.N. Plaza drifters, the Eighth Street campers, the Van Ness Avenue panhan-

dlers, or anyone else who just doesn't fit in with polite society.

Over the last couple weeks, I've stopped my bike journey over and over to talk with the people I see everyday. They're real people who, like me, are just trying to get by and not having an easy time of it.

Sure, many in poverty struggle with addiction or mental illness. Some turn to crime. Many were born into dire poverty, with a lack of professional and educational opportunities to lift them out. They all need help from a society that spends too much on armaments and lets the superrich keep too much. But few expect that help anymore, so they try to help themselves.

Some people just get sick of scraping by and do whatever it takes to make more money. I've had lots of friends who have sold out their values for a well-paying job with some megacorporation. And then there's Olivia, who has been walking

my street at night for the last month and a half, just down the hill.

Slightly mousy, with short blond hair tucked under a pageboy hat, warmly dressed, and with a charming British accent, this 32-year-old is the last person you'd pick out of a lineup as a prostitute. The friend I first saw her walking with, sure. She was a heavily made up transsexual more common to Polk Gulch, but Olivia didn't look the part.

Olivia worked as a personal assistant and was doing all right until her parents kicked her out because they didn't like her boyfriend. Once she had to make rent, she discovered her paychecks didn't go far enough. She was trying to save money so she could get her sons back from her ex-husband, who made enough money to provide them a decent lifestyle in Las Vegas. Turning tricks just seemed to be the easiest way to get ahead. And since she's bringing in \$200 to \$300 a night, it seems Olivia was right.

"I make a decent living now," she told me.

"The toughest part is dealing with the cops, who don't realize what we're going through."

In fact, Olivia said she got arrested the night before, as well as 10 days earlier, both times for just being on the street. The first time, she was even waiting at a bus stop. That charge was dropped. If the other one is prosecuted aggressively, it could cost her \$500.

"These girls aren't all bad," Olivia said, flashing a smile of straight, white teeth. "They're just trying to make a living and support their children. They're just trying to get by."

Olivia said she's having more fun turning tricks than she did in her last job, and the lifting of the financial burden showed in her easygoing manner. She figures she'll do this for a year, then use the money to start a jewelry design business and get her kids back.

Maybe she's right, or maybe she'll get stuck like so many other people who turned desperate. That's what happened to Alton Trelstad, a 61-year-old homeless Vietnam veteran I often see camped out under the freeway overpass on Eighth Street.

Trelstad told me he had a mechanical engineering job and was doing fine until 1990, when he had a couple run-ins with the police for drunk driving and fighting. He paid fines and served a few months in jail, and he just hasn't been able to stabilize his situation since then, particularly with the regular police harassment homeless people face. Fines for illegal camping start at \$76 and go up to \$500 with priors or aggressive prosecution.

"Instead of fighting crime, they are hassling me," Trelstad said. "Who am I am bothering here?"

Being a central gathering place and hosting an evening Food Not Bombs bread line, U.N. Plaza is perhaps the most high-profile face of poverty in San Francisco, and it's often that dirty and desperate kind of poverty that causes such a popular backlash against the poor.

Yet there are all kinds of people in this urban hub who are just getting by. Tim Livingston, 31, works at the farmers market in the plaza and others around the region, making about \$20,000 a year but getting by on the free vegetables he takes home and the rent-controlled apartment he's shared for six years with his fiancée (she's studying to be a physician's assistant) and his brother. Trying to save up for the wedding, he recently got rid of his truck and discontinued their \$20-a-month cable service. He doesn't go out much. He'd like to diversify his diet a bit, but the free veggies are what make his budget balance.

"It's not easy. But I count my blessings. I'm not rich, but I have a lot more than a lot of people out here," he said, motioning to the people pushing carts along the plaza's edge.

One of those cart pushers was Nancy Leal, a nervous-looking 49-year-old white woman who was fishing through the garbage for cans and bottles. She told me she makes \$15 to \$20 a day by recycling and \$410 a month on General Assistance. The single-room-occupancy hotels in the Tenderloin cost about \$150 a week, "so after a week or two there, I can't afford it and have to leave."

But life on the streets is rough for someone who has a hard time coping because of mental illness and addiction. Leal said she was raped six months ago. "I'm a female, and it's just not safe



GUARDIAN ILLUSTRATION BY JONATHAN KOCH

on the streets," she said. "It's hard to get by now."

Oscar Holland — a 47-year-old black man with a long gray soul patch and denim clothes who was born and raised in San Francisco — is far from the comfortable and stable existence I hope to have by his age. Like me, he was born middle-class, but with a restless soul that's moved him around several times, including a two-year stint in the merchant marine, whereas I've changed towns but not careers.

But now that he's back home, during a tough economy and without a college degree or even a résumé of traditional jobs, the only full-time job he could find was earning \$8 an hour sweeping streets for the city's Department of Public Works. I met Holland outside Money Mart Checks Cashed, where he cashed his \$600 paycheck, paying \$6 to do so, a lower-than-usual rate because of his VIP card. Holland said he doesn't like banks because "they ask too much of you."

So even with his VIP status, he's paying \$12 a month. Without that he'd be paying \$42, or 3.5 percent of his income. When he or others run out of money they often get "payday loans," or cash advances on paychecks, whose fees run about 15 percent every two weeks. That would take \$90 out of his \$600 checks — and even more if he missed a repayment deadline. That short-term rate translates into an annual rate of 391 percent.

"I got caught in the budget mess, and I didn't know what to do. I was desperate," Holland told me. "You have to use your imagination to survive these days."

Without any savings to his name, Holland can't come up with the deposit to get an apartment, so he's homeless. Some nights he'll get a room, or crash with friends here in town, or cough up \$3.25 to take BART over to Richmond, where his mother, sister, and brother all live, carpooling back into the city for work in the morning.

Holland was positive and upbeat but said he doesn't know how most people make it these days. "It's the cost of life — it's just so high," he said before walking up Market Street to buy a \$5 pack of cigarettes, "and they aren't giving us any subsidies to offset it."

Just about everyone from the lower-middle class on down has a hard time making the rent. Every person I talked to cited it as the biggest barrier to making ends meet, and the Consumer Price Index shows that the average American spends about 40 percent of his or her income on "housing" — a category that includes shelter, utilities, and domestic supplies — and that figure has been steadily rising for years.

"Housing costs are just unreal. We're all scratching our heads and

wondering where people are going," Todd Johnson, the Bay Area's regional economist at the Bureau of Labor Statistics, which puts out the CPI, told me.

Every two months his office puts out an adjusted regional CPI — the most recent one titled "San Francisco Area Consumer Prices Unchanged from June to August 2003" — but Johnson is the first to admit the CPI doesn't actually measure how hard it is to get by, particularly for people at the bottom.

"That's probably very difficult to measure using the CPI," he said, and even after I pressed the point for a long time, he still couldn't come up with a good statistical measure for the plight of the poor. "They pay a lot for necessities, with just trying to keep a roof over their head."

The recent regional CPI is unchanged because the cost of necessities like gasoline, natural gas, food, and shelter rose, while that of household furnishings and apparel — things the poor rarely buy new — dropped.

Food costs are a big part of my budget, but none of the poor people I talked to say it's a big problem, because there are lots of free lunches offered in this compassionate city. One of the main sources of free meals for AIDS patients and senior centers is Project Open Hand on Polk Street, which I ride by every day. Of all my visits, that was perhaps the most heartwarming, but even there, there are signs of trouble.

Spokesperson Bob Brenneman gave me the grand tour, showing me the kitchen where staffers and California Culinary Academy students prepare hot lunches for 1,000 homebound critically ill clients (90 percent of whom live below the poverty line) and 22 senior centers around town (homebound seniors are served by Meals on Wheels). Open Hand also provides 400 to 500 bags of groceries to clients each week.

The nonprofit gets one-third of its funding from government programs and the rest from individual and corporate donations, and those have dropped off sharply with the economic downturn. Like many nonprofits that serve the poor, Open Hand is barely getting by and has had to cut staff and expenses.

"It's been a struggle," Brenneman said. "We've seen big cutbacks in donations. It's the worst I've seen, and I started fundraising in 1987."

Yet they've not reduced their services or had to put anyone on a waiting list. But he sees the concern in clients. "There is a walking fear and stress in people," he said. "People are feeling a lot of uncertainty in this economy as the social safety net unravels." ❖

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Jimmy Armstrong

**"A man on a mission to find a place for him
and his kids." By Tali Woodward**

There's nothing about Jimmy Armstrong's appearance or demeanor to suggest that he is, by his own description, "one step away from homelessness." He wears crisp clothes and demonstrates a relentless, almost evangelical optimism. Yet on a recent walk through the Tenderloin, he admitted, "Right now I'm no different than that guy pushing that basket across the street or sleeping in that doorway." Armstrong doesn't have a home of his own and for the past two years has constantly turned to his deep bench of friends and family for help. "When it first started, it made me feel, ooh, so terrible to ask them," he said.

But if there's one thing that bothers Armstrong more than asking for help, it's the way his situation has separated him, to one degree or another, from his four children.

Just three years ago Armstrong had a job in Sacramento with an electronics company and a happy marriage. He and his wife shared a four-bedroom tri-level house and two cars with their four kids and her three older sons. Then the marriage disintegrated, and Armstrong moved into a one-bedroom apartment nearby.

"I left because I was only allowed to have one kid in that apartment," he said. Hoping that with help from his loved ones he could get on better financial footing, Armstrong moved back to San Francisco, his two sons in tow. He left his daughters — the youngest of whom is fighting leukemia — in Sacramento with his ex-wife. Every weekend that he has

enough cash, Armstrong and the boys take the bus to visit them.

"I didn't come here to be homeless," Armstrong insisted. However, he can hardly scrape by on his 20-hour-a-week office assistant job with an investment firm in the Financial District. After child support is deducted from his check, Armstrong makes \$89 a week.

Armstrong's sons, now 13 and 14 years old, live at their grandmother's house. He either stays there or with friends, but he's desperate to have a place of his own. "That's all I'm looking for: a good 40-hour-a-week job and a place to stay with my kids — they're really all I got."

Armstrong got a spot in a shelter a few months back. But while the first floors were reserved for families, the top two were for people just getting out of jail, and he didn't feel it was safe.

Armstrong won't go on General Assistance. "Everybody keeps encouraging me to go apply for G.A., but I don't want to. I'm a worker." Later in our conversation another reason for his reluctance is revealed: "Seven years ago I got in trouble for working because my wife and kids were on it. But I didn't know that wasn't OK. The judge believed me, gave me just a slap on the wrist. I vowed then to never be on it again."

"You just write: 'man on a mission,'" Armstrong told me. "Jimmy Armstrong is a man on a mission to find a place for him and his kids." ❖

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Lily Wu

"You would never have imagined our lives to be like this."

By Rachel Brahinsky

Somewhere on a narrow Chinatown street there's a cramped single-room-occupancy hotel with a nine-by-nine white-walled room that Lily Wu, her husband, and their three-year-old son call home.

When she describes the apartment, Wu keeps her expression carefully composed, but her body tells another story. With her arms folded in her lap, Wu, a slight woman with long black hair and olive skin, leans forward in her chair and grips her hands into tight fists. A crimson shade slowly creeps into her cheeks.

"You wouldn't believe what it's like," she says through a translator. "Some rooms have two children and two parents. It's very cramped, with things piled everywhere. The children are ashamed.... You wouldn't have imagined our lives to be like this."

Speaking in her native Taisanese (a Cantonese dialect), Wu says she won't disclose exactly where she lives because she's afraid of what her landlord might do. The 28-year old and her family share a hotel kitchen and bathroom with more than a dozen other residents.

"We all have to take turns," she says. "The hygiene is not good."

While they may be difficult, the Wu family's living conditions aren't so unusual. There are the kind of cramped quarters new immigrants often find when they enter this city —

and they accept them with the hope that better conditions will come, once they can save a little money.

But what Wu and her husband have found is that the dream of moving into a larger apartment is unreachable for now. When she first moved here in 1998, she says, she worked in a Chinese restaurant for \$6.75 an hour. Her husband is an electrical contractor, making \$12 an hour whenever there's work. These days, with the Bush economy taking its toll, Wu's former employer no longer has hours for her, and her husband's employment is very unstable.

So, after taxes, the young couple pull in less than \$1,000 each month. Half of that pays the rent, part of the rest goes to help support their parents, who also live in Chinatown SROs. What's left over — and there's not all that much left over — buys food, health care, and electricity. They stopped shopping for new clothes some time ago, Wu says.

The Wus are hardly alone. UC Berkeley professor and labor economist Michael Reich estimates that 54,000 people hold down low-wage jobs in San Francisco, working either at or near the state minimum hourly wage of \$6.75, as Wu has. Forty percent of those people are Asian American, according to an analysis of census data by proponents of Proposition L, the fall ballot measure designed to increase the minimum wage within city limits.

Living in San Francisco on such a small salary may seem impossible. It's not — if you squeeze into a tiny apartment like the Wus' and tighten your belt. Most of the time, Wu says, she chooses her groceries with fastidious caution, only buying the cheapest vegetables and fish. She says she's looking for work; if she finds it, she's lucky to have relatives who will watch her son so she won't have to pay for child care. In the meantime, she's training through a City College of San Francisco course to become a janitor.

Wu's vision of her future, once full of optimism, is somewhat grim. "I don't have too many expectations in San Francisco," she says. "The housing costs have gone up. I've thought about moving to other places, but I've lived here for so long, and it's difficult for me to move away."

The hardest part is finding hope for her son. In her current home she has to keep him away from the walls, because a community doctor has warned her that the old lead paint is poisonous. But that's essentially an impossible task with a toddler.

"It is very stressful," Wu says. "My child is so young. He just started his life, and it's already so difficult for him." ❖

E-mail Rachel Brahinsky at rachel@sfbg.com.

snapshot of poverty

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The poor are fat

Five myths about the poor that are poisoning public policy. *By Annalee Newitz*

Poverty makes us irrational. Although politicians and analysts rarely admit it, public policies that affect the poor are often crafted under the influence of emotions rather than hard data. The public may have access to unbiased studies on poverty, but when it comes time to vote, they're motivated by a visceral response to stereotypes. It's not that they don't have sympathy for low-income workers, the unemployed, and the homeless. But, like children at a monster movie, they yearn for a magic solution that will make the big, bad nasties go away.

Why do the poor make us so muzzy-minded? Why are we allowed to insult people by calling them cheap trash or street scum when we would never dream of calling them niggers or bitches? Perhaps it's because we realize nothing but luck separates us from the homeless. Anyone can become poor. And to forget that, to dispel our nightmares of falling from economic grace, we invent myths to explain why poverty is the fault of the poor.

1. The poor are fat

Three years ago, Greg Critser wrote an article for *Harper's* that could be summed up as an exegesis on what makes the poor ugly. Luridly describing the french fries, doughnuts, and soft drinks consumed by impoverished Latinos in Los Angeles, his critique of the fast-food industry read more like a condemnation of the bloated, greasy, diabetes-ridden lower class. Since then several studies linking obesity and poverty have given other writers like Critser license to confuse their horror at fat bodies with their fear of the poor.

In her book *Bound and Gagged*, Laura Kipnis points out that Americans connect fat bodies with economic incontinence. Immersed in a pop morality that dictates that the poor are lazy and defective, people condemn the lower classes by saying they have no impulse control and therefore spend their entire puny salaries on hamburgers slathered with mayonnaise. In fact, argue the authors of several articles on obesity published in *Science* earlier this year, if the poor are fat, it's because they are saving their money by buying cheaper food, which is often higher in fat. Moreover, staying in shape requires time and money. Most low-income workers cannot afford to join a gym or spend their spare hours riding a bike and jogging.

But let's not forget that calling the poor fat is also a way of saying they are disgusting. Of course, sexy fat people from activist Marilyn Wann to actor John Goodman make it obvious that chubbiness does not equal ugliness. But people who do not conform to mainstream standards of beauty are still treated as outcasts, still find themselves the butt of jokes and insults. The poor face a form of double discrimination: condemned as financial

failures, they are often stereotyped as physical failures, too.

Economic analyst Doug Henwood points out that the U.S. government's current definition of poverty is intimately connected to food. In his latest book, *After the New Economy*, he describes how a Social Security Administration staffer named Mollie Orshansky created the "poverty line" in 1963 by using a U.S. Department of Agriculture measure of the minimum food budget required to keep a family from starving to death. She multiplied the number by three and called that the poverty line. Henwood notes that this "insane level" is "the same today, adjusted only for inflation."

2. The poor are not white

Sometimes it's hard to tell the difference between racism and classism.

When then-president Ronald Reagan gutted welfare spending in the early 1980s, he leveraged voter support for his policies by using the stereotype of the "welfare queen," an unmarried black woman who pumps out baby after baby in order to get more state assistance. Citing the work of conservative sociologists like Charles Murray (who later coauthored *The Bell Curve*), Reagan claimed a scientific basis for eliminating Aid for Families with Dependent Children. If impoverished women of color were given money to raise their kids, he argued, they would never get off their fat asses and go to work.

Today the welfare queen is as dead as the AFDC. So asserts Steve Williams, director of People Organized to Win Employment Rights, a Bay Area group

devoted to political organizing among no-wage and low-wage workers. He believes the new racist stereotype haunting the imaginations of policy makers — especially in San Francisco — is the "panhandler king, a lazy, drug-addicted African American man." He points out that Sup. Gavin Newsom's Care Not Cash campaign included commercials featuring men of color who were depicted as being responsible for their own poverty. "Care Not Cash is economic and racial cleansing," Williams argues.

While poor whites outnumber impoverished people of color in the United States, people of color are statistically overrepresented under the poverty line. Many analysts trace this problem back to the 18th and 19th centuries, when wealth in the United States was concentrated in the hands of whites who exploited and enslaved people of color to reap greater profits. From the underpaid, ill-treated Asian American railroad workers to the enslaved African American population, people of color have suffered historically from economic deprivations whose effects persist into the present. "Oftentimes, in an attempt to mask the racism that exists, people cover up by talking about class," Williams says. "In San Francisco you can say that it's inappropriate to offer assistance to the poor on the street, but it would be difficult to say we shouldn't offer economic development assistance to Bayview-Hunters Point."

3. The poor are having fun

Indie press scenester Lisa Carver thinks

all this talk of the downtrodden poor is just a bunch of complaints by middle-class people who don't understand that living in a trailer is fun. In her popular zine *Rollerderby* and her book *Dancing Queen*, Carver elaborates on her love of white-trash pop ephemera like monster trucks and processed cheese products. For her, economic deprivation is cultural plenitude. She laments that now it's hip to wear dirty baseball hats and carefully explains that she was white trash before it was cool.

Even Eminem, today's reigning white-trash king, doesn't go that far. In the rapper's semiautobiographical movie, *8 Mile*, and his songs, Slim Shady makes it clear that being poor sucks. It means not having a car that works and having a shitty job you can't afford to lose; being poor filled him with rage and a soul-eating sense of hopelessness.

Nevertheless, Carver's point of view comes from a powerful myth that refuses to die. Ironically glamorizing the lives of poor, rural people, she makes it seem that the difference between the middle class and the poor is cultural rather than financial. It's like the difference between reading V.C. Andrews and reading Homer. By treating poverty like a culture, pundits like Carver feed into the most corrosive lie about it: that the poor are enjoying themselves and don't want to change.

4. The poor are that way by choice

"I think the idea that poor people are responsible for their own poverty still drives federal policy," Williams says.

Henwood agrees: "There's this good old American individualist moral idea that says you're poor because you're a lazy fucker. Or you haven't kept your skill set up to date."

A side effect of this kind of thinking is internalized classism among the poor. Just as people of color and homosexuals have to fight feelings of depression or worthlessness in a world where they are often told they're defective, the poor have to struggle to gain a sense of self-confidence in the face of prejudice. Shelley Pepper, a San Francisco nursing student, grew up poor in Missouri. "My mom was a single parent, and there were five kids," she recalls. "We moved around a lot and usually lived in a trailer. I remember one Christmas when my mom didn't give us presents. She couldn't afford it. It wasn't a big deal until we were at my grandma's house and my aunt talked about it in a way that made me feel really ashamed."

When she got to junior high, Pepper says, she realized she couldn't have the Nike shoes and other things her classmates had, but she learned to stop caring. "I veered in the direction of punk rock and just dressing weird," she says. But she never stopped struggling with the feeling that her mother was poor because she was "bad with money." She felt as if her mother didn't provide a positive financial role model, and she thought of her as irresponsible. But, she says, "I also feel like if you don't have enough money, you can't talk about being responsible. It's going to look irresponsible if you don't pay rent, but if you don't have the money, you don't have a choice."

Pepper says she also became convinced she was bad with money. As a young adult she never had enough and never saved it. But when she moved to San Francisco with her husband and they both got jobs, she discovered that "when I had more money, I did save it." Even today, she says, "If I don't have money, it stresses me out. But now, knowing that we have a steady income and career goals, I doubt if I'll feel worried again."

Still, she continues to be concerned that her mother isn't being responsible. "I know it's a catch-22 situation, because she didn't have a lot of money, but I still feel like she did stupid shit with it. I'm sure she's not saving money now. It makes me feel like she's not too smart about that, although she's very smart about other things."

The social forces that undermined Pepper's faith in her mother's intelligence have also driven the latest round of what Williams calls "welfare deform."

Placing a five-year limit on state assistance to the unemployed is supposed to push them back into the workforce — and, implicitly, correct for impoverished people's irresponsible desire to sit around and get paid to do nothing. But unemployment continues to rise, which means that even if the poor want to work, there may be liter-



GUARDIAN ILLUSTRATION BY JONATHAN KOCH

ally no jobs for them. Indeed, the free market cannot function unless some workers are always unemployed or poor. "It doesn't matter if they're smart or dumb or whether they have substance-abuse issues," Williams says. "There are always going to be millions of people who have to be poor or unemployed for the system to operate."

Fear of poverty is one of the most powerful incentives that drives people to work. The threat of unemployment is what allows employers to keep workers' salaries low enough that businesses can make a profit at the end of the day.

5. The poor have it better now than they used to

Conservative pundits often claim the poor today are living large compared with their 19th-century counterparts, whose lungs were full of coal dust and whose limbs were constantly mutilated by heavy industrial machinery. In the 21st century the poor have TVs, air conditioning, penicillin, and the Occupational Safety and Health Administration. Dinesh D'Souza quotes a recent immigrant from the developing world who marvels that in America "even the poor are fat." And by that, he doesn't mean ugly. He means well fed.

But a close look at the history of a city like San Francisco tells a different story.

Bay Area historian Gray Brechin says the poor were no worse off a century ago than they are today. Up until the 1960s, vagrancy laws gave the police permission to beat up and jail any "bums" who dared cross Market Street. The poor were isolated from the rest of the city. "Laguna Honda used to be a poor farm, and you'd send the poor there, to the edge of the city, to live and work," Brechin says. In the 19th century the sewage situation in San Francisco was hideous. Effluvia and garbage ran down from the wealthy areas in the hills and pooled in the Mission District and SoMa. These areas became hotbeds of cholera and diphtheria.

But today we see similar trends: the poor live near garbage dumps, suffer inequally from environmental cancers and diabetes, and are routinely kicked out of nice neighborhoods like the Castro.

Unlike today, reformers of the early 20th century knew the poor needed cash in order to receive care. When the burgeoning science of epidemiology revealed a connection between sewage and disease, the city worked to change the sewer system. San Francisco mayor "Sunny" Jim Rolph, a progressive whose tenure extended from 1912 to 1932, set up countless programs to aid the poor. He was behind the building of General Hospital, in its day a monument to modern medicine entirely dedicated to providing the public, especially the indigent, with health care. Rolph also persuaded San Franciscans to vote for bond measures that created funding for the fire and

police departments, public schools, and the Hetch Hetchy reservoir.

Brechin says the debate about whether the poor are "worthy or unworthy" raged in the last two centuries as much as it does today. But the 19th-century poor had advocates who didn't need to hide behind comedy to criticize the powers that be. They had Henry George, whom Brechin calls "a self-taught economist." George grew up working-class and in 1880 published *Progress and Poverty*, one of the most scathing and informed critiques of capitalism written in English. Based on his experiences in California and San Francisco, the core of George's argument is that rising land values create poverty. Capitalist progress, he explains, is always linked to the disenfranchisement of the poor. The book became an international bestseller and remains in print more than a century later.

With an articulate, persuasive thinker like George on their side, and the possibility of public assistance aimed at bettering their lot rather than simply eliminating them, the poor of yesterday hardly had it worse than their present-day counterparts.

There is no getting around the cold hard fact that the division between rich and poor has grown dramatically over the past three decades. Henwood writes that "in 1980, the richest fifth of Americans had incomes about ten times those of the poorest fifth; a decade later, that multiple had grown by twelve."

One could argue that the problematic calculation of the poverty line in the United States has also led to greater deprivation among the poor in the present day. For most people, this is common sense. U.S. Department of Health and Human Services researcher Gordon M. Fisher reports that, on average, U.S. citizens believe the amount of money a family needs to get along in their communities is higher than the federal definition of the poverty line. This information is based on evidence gleaned from annual Gallup polls taken since 1946.

How can we know the poverty line is too low and yet do nothing about it?

We look at the poor, but we do not see them. Instead we see myths, fears, and our own self-doubts projected onto people whose lives have been trashed by capitalism. But when we consider how to vote on issues concerning poverty, or simply how to treat panhandlers, it's crucial that we look at the real lives of the poor.

Poverty is not a choice — it is, for many people, inevitable. We have built an economic system wherein there are more people than jobs. The next person to feel the sting of joblessness could be you. What we do to the poor is ultimately what we do to ourselves. How suicidal do we have to get before we change the system? ❖

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37th Anniversary Special Issue



Eve Milton and Paulette Spencer

"You can't be a working-class person and afford a house on Potrero Hill."

By Matthew Hirsch

There is no mistaking poverty in Potrero Hill. From the north, the Hill displays its vaunted real estate: single-family homes selling for \$550,000 on average, with prices steadily increasing. The south side offers a starkly different view: World War II-era public housing projects that resemble military barracks adorned in alternating peach, yellow, and green pastels.

For Eve Milton, an elderly artist-writer supporting herself on Social Security and 40 years of rent control, eviction would mean moving into public housing if she wants to remain in Potrero Hill. For Paulette Spencer, who already lives in the projects, changing homes would mean leaving the Hill altogether.

Milton moved into her home in 1964 (when the property was valued at \$15,000), and with other first-generation Potrero Hill activists, such as Enola Maxwell, she helped lead the early neighborhood campaigns, including the struggle to open the Potrero Hill Health Center.

Spencer came to the community several years after the health center opened in 1976 — funded by then-president Lyndon Johnson's War on Poverty. Almost every year since, the clinic has faced deep budget cuts or closure, and every time it happens, Spencer enlists with Milton and the health center's advisory board to defend it from extinction. She serves partly because doctors at the clinic saved her life twice. She also thinks the center enriches an otherwise poor community.

Even by San Francisco standards, the most slender plot of land on the Hill goes for a small fortune; a safe investment when you consider what a hillside

townhouse there would fetch in the unaffordable housing market. Atop the Hill, both Milton's home and the health center sit on valuable land, and the expansive projects on the southeast slope represent a veritable gold mine for future development, if they are ever converted.

That dynamic underscores why low-income Potrero Hill tenants and the health center can never fully escape the threat of being tossed out. "You can't be a working-class person and afford a house on Potrero Hill," Milton told me. And as city and state officials begin slashing funds for basic services like housing and health care, places like the Potrero Hill Health Center could be the first to go.

The center's fate was more secure until earlier this year, when it had to void private contracts with hundreds of employees from nearby businesses, many of them well-off local residents. Dr. Michael Drennan, the center's director, told me that with fewer and fewer resources, the clinic had to be more selective with its patient population. It chose to forgo revenues from the private contracts and to serve the uninsured instead.

Changes in the local economy have been good for some in Potrero Hill, Drennan recalled, but they haven't always reached the people in public housing. And the past few years haven't done away with the asthma, diabetes, and sexually transmitted diseases that continue to plague residents in the projects. "The need out there [for subsidized health care] hasn't gotten any less, and there is still a huge amount of people who don't have any other options," he said.

Early each year, community leaders, including Drennan, Milton, and

Spencer, come together to plan the annual Potrero Hill Jobs and Health Fair for low-income tenants. Mention to any of them the overstated viewpoint that crime is the worst problem in the projects, and a common response is that you're more likely to find illness than violence where people are unemployed.

The fair started out in the health center's parking lot, a space not large enough to hold more than 10 cars. In time it moved across the street to Starr King Elementary School, until once more the venue couldn't hold the crowd that showed up. The Jobs and Health Fair, now held at the Potrero Hill Recreation Center, has recently become one of the largest events on the Hill.

Spencer told me nobody keeps track of how many people find employment at the fair, but to her, that fact seems almost beside the point. More important, she said, the fair brings her community together. It's a showcase of what Potrero Hill has to offer, even to those on the financial down-and-out.

"Enola Maxwell used to tell us, 'Don't tell anyone you're poor. Just tell them you don't have a lot right now,'" Spencer told me last month in the Potrero Hill Neighborhood House, another space for low-income and public housing tenants on the Hill.

With what Spencer and Milton have today, neither can afford a new home in Potrero Hill, but to them this point seems hardly relevant. Rather, it's about preserving space in Potrero Hill for the poor, nearby places they can still visit and places they can continue to call their own. ❖

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snapshot of poverty

GUARDIAN PHOTOS OF, FROM LEFT, EVE MILTON AND PAULETTE SPENCER BY SAUL BROMBERGER AND SANDRA HOOVER PHOTOGRAPHY



Mandy Karakas

"It reminds me of the depression."

By Camille T. Taiara

Mandy Karakas is too embarrassed to invite a reporter into her meager studio apartment in the Tenderloin, which she describes as being about 8-by-10 feet in size.

"It looks like an attic," she said. With no room for a bed or a stove, Karakas, who is 79, sleeps on the couch and cooks on an electric hot plate. She pays \$625 a month in rent — and another \$104 for a storage space where she can keep things like her beloved easel, paints, and music collection.

Until two months ago, Karakas's medical prescriptions ran her another \$300 a month — medications she required after undergoing quadruple bypass surgery two years ago, as well as drugs to address her high blood pressure and Type II diabetes.

Yet Karakas receives only \$600 a month in Social Security.

A mother of four who was born to Croatian immigrants in a small, northern Minnesota iron ore mining town April 28, 1924, Karakas is no stranger to hardship.

"It reminds me of the depression," he told me, in describing the prevalence of poverty she sees today. "When I see older women sleeping in stairwells, that's when I really get sick."

It's difficult to tell just how many seniors live in poverty in San Francisco, since the statistics are based on federal standards that are not adjusted to account for the cost of living in the city, one of the most expensive in the country. But it's clear that the circumstances Karakas finds herself in during the twilight of her life are pretty typical.

In 2000, the latest year for which

such figures are available, more than 10 percent of San Franciscans 65 years old or older (a total of more than 11,000 people) lived below the national poverty line — defined as an annual income of \$7,990 for single adults and \$10,075 for couples. The adversity they face attests to the failure of both private industry and public social services in ensuring our citizens don't fall into poverty after they reach retirement age.

Karakas has held a variety of jobs throughout her life — as a tracer bullet inspector at a munitions company and, later, as a remedial reading teacher and an activities director at a nursing home, to name a few. None offered a pension plan, so Karakas got her own.

For more than 10 years, she said, she paid \$300 a month into a private retirement plan run by Prudential. But when the time came for her to begin collecting on her \$100,000 package, Karakas said, Prudential told her she had no policy. (Karakas recuperated at least part of her investment through a successful class-action lawsuit.)

Now she's volunteering half-time at Planning for Elders and searching for paid employment — not an easy task at her age, even in better economic times. She recently got a social worker at St. Anthony's, which signed her up for Medi-Cal and provides her with an additional \$600 a month.

Karakas doesn't ask for much. "I wish I had a one-bedroom apartment where I could set up my easel and paint," she said. ♦

E-mail Camille T. Taiara at camille@sfbg.com.

snapshot of poverty



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Aqua Touch on left; Fukuoku 9000 on right.

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The secret of the permanent poor

What the news media won't tell you about the policies that make poverty a part of life in the United States.

By Ben H. Bagdikian

It can be the best of times or the worst of times, but whether in prosperity or recession, there is one constant in the U.S. economy: the richest country in the world maintains a permanent class of people who are poor.

That is not an accident. It is maintained by official action as deliberate as Federal Reserve chair Alan Greenspan's protection of the prosperity of banks and stock markets.

Those in this permanent class are not the momentarily unemployed. Most of them work. Neither are they merely temporarily unlucky in a world of global economic change. Even before the "new economy," none of our affluent Western European peer nations sustained a permanent poor class like one in the United States.

Those countries have social policies that prevent it.

When confronted with persistent poverty in the world's richest country, the U.S. mainstream print and electronic media seem to take as their mandate the biblical words from Matthew "The poor ye will have always." They do this with little concern that poverty in the midst of plenty is an American exception among all advanced societies. (The United States is the richest in gross domestic product, and in per capita income is second only to Luxembourg.)

The news media may protest that they do cover the poor. And in one sense they do. But these are typically isolated stories about hard-luck families in disaster areas or profiles of plucky downsized Midwestern managers flipping burgers at McDonald's — sympathetic features but depicted as isolated cases. It is reported only rarely and obscurely why the United States, among all its affluent peer countries, retains a poor class year in and year out.

Given the symbiotic relationship between our national politicians and the mainstream news media, that media failure has consequences. What the media ignore, political leaders know they can safely ignore. The needy appear only at election time in stereotyped rhetoric and campaign photo ops. The empty speeches without media follow-up have deepened the comfortable assumption that in the United States poverty is an unavoidable act of god.

Permanent poverty may have been inexorable in biblical times, when there really was inadequate food, inefficient use of arable land, rigid class systems, slavery, and serfdom. But today's world has enough food for everyone, and affluent countries like the United States have enough resources to guarantee their populations enough decent food, housing, health care, jobs, and pensions. Most of our peer countries do exactly that. Only the United States has chosen not to rid itself of a permanent poor.

No mystery

Why do we permit this when our peer nations do not? The answers are not mysterious: official

housing policies, deliberate shifting of wealth to the top through destruction of the national progressive income tax, mammoth special favors for corporations, and cynical treatment of the national minimum wage.

Why do the mainstream news media share the blame?

A dramatic demonstration of the media's guilty involvement occurred 20 years ago when, suddenly, as though from nowhere, we had homeless families living in the streets. For national civic life, it was the dead canary in the coal mine. We know why the canaries die in the

No affluent democracy has been able to house its low-wage families by depending on the private real estate industry. Government-subsidized low-cost housing has been found indispensable if all are to be housed in minimally decent homes and apartments. Before 1979 the United States subsidized 200,000 such low-income units a year. In the early 1980s, in the new fervor for shifting everything possible to the free market, subsidized low-cost housing subsidies were cut by 92 percent. That is the central reason we suddenly had a permanent beggar class and families living in the streets. Few readers or TV news watchers

United States of a falsehood, namely, that we are a brutally overtaxed country. The truth is that of all the affluent democracies, the United States has the lowest taxes in the world, including the sum of all local, state, and national taxes.

Consequently, when this fantasy is shrill in every political campaign — promising lower taxes as a dire necessity — it is accepted as an urgently needed rescue of that beleaguered population the very rich. Though the mainstream media love to find culprits in social problems, on this they practice selective amnesia. For more than half a century, the share of federal taxes

paid by corporations has been dropping radically and been shifted onto families and individuals. In 1940, corporations paid 40 percent of federal revenues. By 2000 it had dropped to 12 percent.

Guess who pays for that shift?

Except for Japan's, U.S. income taxes (34 percent of the GDP) are lowest among industrialized nations. The rate in Canada is 36 percent, Germany 39 percent, Switzerland 50 percent. It is not coincidental that most of those other countries have universal health care, guaranteed housing, and more generous social benefits than the United States.

The top federal income tax rate for the richest Americans was once 70 percent, though people that rich hired the best accountants to find tax shelters, so few paid anything like the top bracket. The top rate in 2000 had dropped to 39 percent, and in practice it is closer to 33 percent, and few in that theoretical bracket pay that much for the same reasons.

The final insult to the poor is the minimum wage. Corporations and the rich fight every move for an increase, the way they fought against creation of

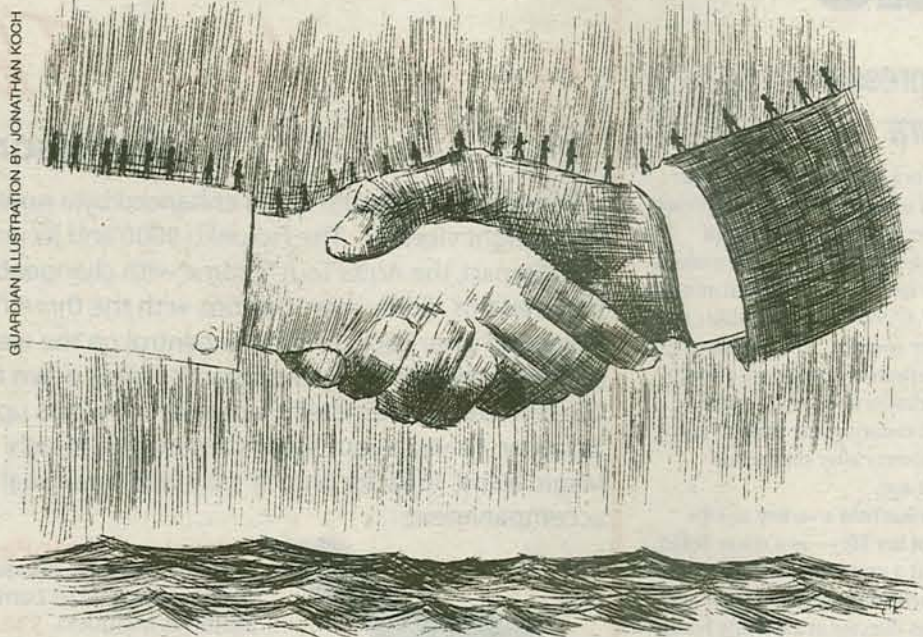
the minimum wage in the first place. In 1970 the minimum wage was worth 29 percent more in real terms than it was in 2000. According to the Economic Policy Institute, in 1970, minimum-wage workers were living above the poverty level. In 1998 only 19 percent were.

A standard objection that higher minimum wages will reduce the number of jobs available, or force small businesses into failure, has no basis in reality. The institute says a raised minimum wage has never resulted in significant reductions in jobs or closed businesses.

Corporations and Washington legislators may point with helpless resignation to the biblical assertion that the poor will always be with us, but the experience of other rich countries, like Germany, France, Canada, and the U.K., suggests the answer lies less in the Book of Matthew and more in the Congressional Record. ♦

Ben H. Bagdikian is the author of *In the Midst of Plenty: The Poor in America* (Beacon, 1963), *The Media Monopoly* (sixth edition, Beacon, 2000), and other books. A version of this article first appeared in *Street Sheet* in June 2001.

GUARDIAN ILLUSTRATION BY JONATHAN KOCH



mines: it is a warning of methane gas, which kills sensitive canaries before it kills human beings. The dead canary of structural American poverty was the sudden appearance of the homeless in the early 1980s.

"Homelessness" is a social phenomenon usually associated with countries like Bangladesh but has now survived as a visible urban fixture in this richest of countries.

Emblematic is the failure of the big newspapers and broadcasters to search out the source of the new homeless when they first appeared in the 1980s.

Most often the media refer to the homeless who are alcoholics, drug addicts, or mentally ill. But we had always had alcoholics, addicts, and the mentally ill before without large numbers of families living in the streets.

Something had radically changed.

A hint of what's changed is that homeless people — a minority of the total poor — are homeless even though, according to the Bureau of Labor Statistics, 64 percent of them have jobs. Some have two jobs, but they are still poor by government standards.

were ever told the basic reasons why homelessness happened "out of nowhere."

The rich get richer

Underlying the issue is the shameful phenomenon of a radical shift of national personal wealth from the bottom 80 percent of the population to the top 20 percent, with the lion's share of that going to the top 1 percent.

The fact that such a gap exists gets into U.S. news occasionally, but as a routine statistic, like the corn crop in Kansas.

The massive shift of U.S. wealth to the top has been reported in the media, but without the sense of outrage and alarm that would puzzle a Lincoln Steffens, an Ida Tarbell, a Franklin Roosevelt, or any number of political and media leaders of past eras.

Other affluent countries lack a permanent underclass like the American poor. Why? The other rich countries have housing, employment, pension, and tax policies that prevent it.

The overall answer is an inexcusable fantasy aided and abetted by our major media. The media fantasy has convinced the people of the